

Message Text

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INFO OCT-01 ISO-00 /004 R

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FM SECSTATE WASHDC

TO AMCONSUL HONG KONG

UNCLAS STATE 255465

REF: JAKARTA 13244

FOLLOWING REPEAT STATE 255465 ACTION JAKARTA INFO
SINGAPORE DTD 28 OCT

QTE

UNCLAS STATE 255465

E.O. 11652: N/A

TAGS: BEXP, ID

SUBJECT: TRADE PROMOTION EVENT: ENERGY AND FLUID
TRANSFER SYSTEMS

REF: (A) JAKARTA 11756, (B) USDOC 13216, (C) JAKARTA 7130,
(D) JAKARTA 10895

1. POSTS' PROMPT COMMENTS AND EVALUATION OF MARKET RESEARCH
ON ELECTRIC ENERGY SYSTEMS (EES) AND PUMPS, VALVES AND
COMPRESSORS (PVC) APPRECIATED (REF. A). USDOC HAS
EXAMINED CAREFULLY POINTS RAISED BY EMBASSY BUT FOLLOWING
CONSIDERATIONS LEAD OIM TO CONCLUDE THAT EXHIBITION IS
VIABLE, PROCURABLE AND PROMOTABLE .

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(A) SINGAPORE TRADE CENTER ACTING DIRECTOR FIELD TALKED

OCTOBER 8 TO MOBIUS WHO STATED HE ASSUMED AT TIME HE WROTE REPORT THAT EES EXHIBITION WAS SCHEDULED AND THAT HE CONSIDERED SUCH AN EVENT WOULD BE EFFECTIVE PROMOTION MEANS.

MOBIUS' COMMENT ON MARKET SEMINAR AND TRADE MISSION RELATED TO HIS VIEWS ON OTHER PROMOTION TECHNIQUES WHICH MIGHT COMPLEMENT EXHIBITION. MOBIUS' RESEARCH FINDINGS FULLY CONSISTENT WITH EMBASSY ORIGINAL FINDINGS OF "VERY ENCOURAGING" LOCAL SUPPORT FOR AN EXHIBITION (REF. C).

(B) "INDUSTRIAL END-USER" MARKET EXPECTED TO CONTINUE AT LEVEL OF AT LEAST 50 MILLION DOLLARS. MUCH OF THIS MARKET IS CONSIDERED TO BE OPEN TO SIGNIFICANT INCREMENTAL SALES BEYOND WHAT U.S. OIL COMPANIES ARE BUYING. INDONESIA WILL HAVE CONTINUING NEED TO DEVELOP CAPTIVE AND SELF-GENERATED POWER FACILITIES. OIM HAS HELD SUCCESSFUL EXHIBITIONS WHEN PROJECTED MARKET FOR PRODUCTS DISPLAYED AMOUNTED TO AS LITTLE AS ONE MILLION DOLLARS.

(C) AS EMBASSY AWARE, U.S. BUSINESS WORLD IS NOW MUCH TAKEN WITH IDEA OF POTENTIAL OF OPEC MARKETS. ALTHOUGH INDONESIA, WITH ITS HUGE POPULATION, LOW PER CAPITA INCOME AND MASSIVE INFRASTRUCTURAL NEEDS, IS IN NO WAY COMPARABLE TO WEALTHY ARAB STATES, THERE EXISTS PRESSURE FROM INDUSTRY AND ELSEWHERE TO DEMONSTRATE OUR COMMITMENT TO EXPORT EXPANSION IN OPEC MARKETS. IN ADDITION, THE U.S. IS RUNNING A SUBSTANTIAL TRADE DEFICIT WITH INDONESIA. IN RECENT POLLING, OF 35 U.S. FIRMS IN EES AND PVC FIELD, AN ACCEPTABLE NUMBER EXPRESSED INTEREST IN PARTICIPATING IN EXHIBITION IN INDONESIA.

(D) PARTIAL RETURNS FROM USAQUIP '74 (APRIL 1974) CONFIRM TRADE BENEFITS FROM EXHIBITION TECHNIQUE. OF 43 EXHIBITORS, 20 FIRMS HAVE REPORTED ACTUAL 12-MONTH SALES. IN ADDITION TO THEIR IMMEDIATE SALES OF 2,153,000 DOLLARS THEIR ACTUAL SALES IN THE 12-MONTH PERIOD FOLLOWING THE EXHIBITION AMOUNTED TO 24,522,600 DOLLARS. (THE 23 WHICH HAVE NOT YET REPORTED ACTUAL SALES, HAD IMMEDIATE SALES OF 2,349,000 DOLLARS AND EXPECTED 12-MONTH SALES OF UNCLASSIFIED

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34,530,000 DOLLARS.)

(E) ACTIVE PRESENCE OF GE AND WESTINGHOUSE IN EES MARKET DOES NOT RELIEVE USG OF RESPONSIBILITY TO ASSIST SMALLER FIRMS IN EXPORTING.

(F) PLANS TO STANDARDIZE ON 50 CYCLE/220 V. WOULD HAVE ADVERSE EFFECTS ON SALE OF U.S. APPLIANCES BUT U.S.

MANUFACTURERS OF GENERATING EQUIPMENT ARE USED TO

MEETING 50/220 STANDARDS IN INDONESIA AND ELSEWHERE.
EMBASSY'S QUESTIONNAIRE SURVEY REPORTED REF. C DID NOT
MENTION THIS AS FACTOR INHIBITING U.S. SALES.

2. RE PVC, AS RESULT INDONESIA RESEARCH AND DEVELOPMENT
COMPANY RECOMMENDATIONS, OIM WOULD FULLY APPRISE
POTENTIAL U.S. EXHIBITORS OF RESEARCH FINDINGS BUT WOULD
HOLD MINOR PART OF EXHIBITION SPACE OPEN FOR THEM IN
EVENT THEY DESIRE TO EXHIBIT.

3. AS A RESULT OF MOBIUS RESEARCH, U.S. INDUSTRY POLL AND
EMBASSY RECOMMENDATION, OIM WOULD PLAN TO ARRANGE
TECHNICAL SEMINAR IN CONJUNCTION WITH EXHIBITION.

4. AS PREVIOUSLY NOTED (REF. B), IN ADDITION TO TRADE
CENTER PERSONNEL, OIM WILL FURNISH BOTH AN EXHIBITION
MANAGER AND DIRECTOR OF BUSINESS RELATIONS TO HANDLE
PHYSICAL MATTERS AND TO IMPLEMENT MARKET PROMOTION PLAN,
WHICH WILL MINIMIZE PERSONNEL RESOURCES REQUIRED OF
EMBASSY. IN ADDITION TO PROVIDING ABOVE CITED PERSONNEL,
USDOC SEES ITS CONTRIBUTION TO EFFORT CONSISTING OF;

(A) MEETINGS AND NEGOTIATIONS WITH PROSPECTIVE
LOCAL CONTRACTORS WHO WOULD PROVIDE CONSTRUCTION,
FREIGHT HANDLING AND MARKET PROMOTION SUPPORT; AND

(B) SUPERVISORY WORK OF ABOVE THREE CONTRACTORS,
INCLUDING ON SITE CONSTRUCTION AND FREIGHT MOVEMENTS,
INVITATION ADDRESSING AND MAILING, PRESS RELEASES AND
CONFERENCES.

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SUPPORT FROM EMBASSY WOULD CONSIST OF IDENTIFICATION OF
BIDDERS WITH RECOMMENDED CHOICES, ASSISTANCE WITH LIST
BUILDING AND CALLS ON KEY GOI OFFICIALS AND BUSINESSMEN.
PARTICIPATION OF AMBASSADOR OR DCM AND HIS HOSTING OF
SUITABLE SOCIAL EVENT WOULD BE HIGHLY DESIRABLE FOR
SUCCESS OF PROJECT.

5. IN LIGHT OF FOREGOING, USDOC CONCLUSION IS THAT EES/
PVC EXHIBITION SHOULD BE HELD AND SUGGESTS PRESTIGE
LOCATION SUCH AS HOTEL BOROBUDUR. PREFERRED DATES ARE
APRIL 20-24. IN VIEW OF SHORT LEAD TIME REMAINING,
EARNESTLY REQUEST EMBASSY'S COOPERATION AND SUPPORT.
IMMEDIATE NEED IS TO BOOK BOROBUDUR FOR PERIOD APRIL
14-27. WOULD APPRECIATE RESPONSE SOONEST.

6. POST'S CCP RECOMMENDATIONS FOR OTHER PRODUCT THEMES

HAVE BEEN CONSIDERED BUT SUGAR AND CEMENT DO NOT LEND
THEMSELVES TO EXHIBITION APPROACH. THE POST FELT THAT THE
TIMBER INDUSTRIES TRADE MISSION RECENTLY PROPOSED BY OIM
FOR FEBRUARY 1976--REF. D--SHOULD BE POSTPONED; KISSINGER
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